

Message Text

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ORIGIN ARA-14

INFO OCT-01 IO-13 ISO-00 SAB-02 H-01 NSC-05 DODE-00
CIAE-00 TRSE-00 PA-01 L-03 SS-15 INR-07 NSAE-00
USIA-06 AID-05 PM-04 SP-02 PRS-01 /080 R

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APPROVED BY ARA-LA/PAN:SMBELL
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P 152151Z JUL 77
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C O N F I D E N T I A L STATE 165770

E.O. 11652:GDS

TAGS:PFOR, PN

SUBJECT:U.S.-PANAMA TREATY NEGOTIATIONS: WEEKLY ACTIVITIES
REPORT - JULY 9 - JULY 15

1. NEGOTIATIONS. PANAMA'S DELEGATION RETURNED TO WASHINGTON JULY 10 AND NEGOTIATING SESSIONS RESUMED JULY 11. IN ALL THREE FORMAL NEGOTIATING SESSIONS WERE HELD DURING THE WEEK. PANAMA CONTINUES TO INSIST ON A LEVEL OF ECONOMIC BENEFITS WHICH CANNOT BE SUPPORTED BY TOLL REVENUES. OTHER SUBJECTS UNDER DISCUSSION INCLUDED LABOR MATTERS AND PAYMENT
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BY THE ENTITY FOR GOVERNMENT SERVICES. AT A MEETING OF THE LANDS AND WATERS TECHNICAL GROUP JULY 12, COL. CONTRERAS, NATIONAL GUARD G-4, OUTLINED THE GUARD'S NEED FOR PHYSICAL FACILITIES ON BOTH THE ATLANTIC AND PACIFIC SIDES. HE INDICATED THAT THE GUARD IS NOW PREPARED TO COMMENCE JOINT PLANNING FOR CANAL DEFENSE.

2. SENATORIAL BRIEFING. ON JULY 14 AMBASSADORS BUNKER AND LINOWITZ, ACCOMPANIED BY JCS CHAIRMAN BROWN, HELD THE FOURTH IN A SERIES OF BRIEFINGS ON THE CANAL NEGOTIATIONS FOR MEMBERS OF THE SENATE. PRESENT WERE SENATORS BAYH, BENTSEN, CANNON, GRIFFIN, NUNN, ROTH, SCHWEIKER, STENNIS, AND STONE, IN ADDITION TO SENATORS ROBERT BYRD AND CRANSTON, WHO HAVE BEEN ORGANIZING THE BRIEFINGS.

3. SCHWEIKER AMENDMENT. SENATOR SCHWEIKER (R-PA.) IS GOING FORWARD WITH PLANS FOR AN AMENDMENT TO THE SECURITY ASSISTANCE APPROPRIATIONS BILL THAT WOULD ELIMINATE FUNDS FOR PANAMA UNLESS THE GOP MAKES RESTITUTION IN THE HALLA BROWN ROSENBAUM CASE. MRS. ROSENBAUM WAS INJURED IN A CAR ACCIDENT IN WHICH A PANAMANIAN EMBASSY OFFICIAL WAS AT FAULT. THE SCHWEIKER AMENDMENT IS EXPECTED TO COME UP ON THE SENATE FLOOR DURING THE WEEK OF JULY 18.

4. CONGRESSIONAL HEARINGS. OPEN HEARINGS ON THE PANAMA CANAL HAVE BEEN SCHEDULED FOR JULY 22 BY THE SENATE JUDICIARY SUBCOMMITTEE ON SEPARATION OF POWERS AND FOR JULY 25-26 BY THE HOUSE PANAMA CANAL SUBCOMMITTEE.

THE SEPARATION OF POWERS SUBCOMMITTEE, CHAIRED BY SEN. ALLEN (D-ALA.), WANTS TO EXAMINE THE CONSTITUTIONAL AUTHORITY FOR TRANSFER OF U.S. PROPERTY AND TERRITORY UNDER A NEW PANAMA CANAL TREATY. WITNESSES WILL INCLUDE

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CANAL ZONE GOVERNOR PARFITT AND A STATE DEPARTMENT REPRESENTATIVE. REPS. MURPHY AND FLOOD AND ADMIRAL MOORER HAVE ALSO BEEN INVITED TO TESTIFY.

THE PANAMA CANAL SUBCOMMITTEE HEARINGS WILL ADDRESS THE ECONOMIC, MILITARY, AND FOREIGN POLICY SIGNIFICANCE OF THE PANAMA CANAL TO THE UNITED STATES. EXCEPT FOR CANAL ZONE GOVERNOR PARFITT, ALL WITNESSES WILL BE FROM OUTSIDE THE U.S. GOVERNMENT.

5. MEDIA COVERAGE. (A) AMBASSADOR LEWIS. THE JULY 13 EDITION OF THE WASHINGTON POST HAD A FEATURE ARTICLE ENTITLED "THE CANAL TOUGH MISSION FOR NEWEST ENVOY" CITING PANAMANIAN AMBASSADOR GABRIEL LEWIS' OPTIMISM ON NEW TREATY FOLLOWING DISCUSSION WITH PRESIDENT CARTER AT PRESENTATION OF CREDENTIALS. THE ARTICLE QUOTES LEWIS AS SAYING HE VISUALIZES TREATY BEING SIGNED BY CARTER AND TORRIJOS IN PANAMA IN FRONT OF HALF MILLION PEOPLE INCLUDING PRESIDENTS OF ALL LATIN AMERICAN COUNTRIES IN ATTENDANCE.

(B) ECONOMIC ARRANGEMENTS. JULY 15 WASHINGTON POST,

BALTIMORE SUN, CHRISTIAN SCIENCE MONITOR AND WALL STREET JOURNAL ALL CARRIED DETAILED STORY BASED ON BACKGROUND BRIEFING BY "ADMINISTRATION OFFICIALS" SAYING PANAMANIAN DEMAND FOR DOLS 5 BILLION MAY POSE SERIOUS OBSTACLE TO COMPLETING A NEW CANAL TREATY THIS SUMMER. ARTICLES STATE THAT TORRIJOS DEMANDING DOLS 1 BILLION LUMP SUM PAYMENT AND DOLS 200 MILLION EACH YEAR TREATY IN EFFECT. ARTICLES ALSO STATE THAT U.S. NEGOTIATORS HAVE DEVELOPED TWO-FOLD COUNTER STRATEGY: FIRST, TO IGNORE DEMAND FOR DOLS 1

BILLION LUMP SUM AS PART OF TREATY ON GROUNDS THEIR AUTHORITY EXTENDS ONLY TO NEGOTIATING EQUITABLE ANNUITY; SECOND, INSISTING THAT ALL PAYMENTS TO PANAMA UNDER NEW TREATY BE DERIVED FROM TOLLS AND ALL ADDITIONAL PAYMENTS, CONFIDENTIAL

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IF ANY, BE NEGOTIATED SEPARATELY.

QUESTIONS WERE RAISED IN THE DEPARTMENT'S DAILY NOON NEWS BRIEFING REGARDING THE AUTHENTICITY OF THESE STORIES, BUT THE SPOKESMAN DECLINES TO COMMENT ON THE GROUNDS THAT IT WAS A SUBJECT "UNDER CURRENT NEGOTIATIONS" AND THE DEPARTMENT'S POLICY IS NOT TO COMMENT ON MATTERS BEING NEGOTIATED. WIRE SERVICE REPRESENTATIVES FILED ADDITIONAL STORIES ON THE SUBJECT IN THE AFTERNOON. VANCE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NEGOTIATIONS, CANALS
Control Number: n/a
Copy: SINGLE
Sent Date: 15-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE165770
Document Source: CORE
Document Unique ID: 00
Drafter: LA/PAN:EJNADEAU:LKB
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770253-0282
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770751/aaaabsfd.tel
Line Count: 145
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 0735c06a-c288-dd11-92da-001cc4696bcc
Office: ORIGIN ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 02-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1844324
Secure: OPEN
Status: NATIVE
Subject: U.S.-PANAMA TREATY NEGOTIATIONS: WEEKLY ACTIVITIES REPORT - JULY 9 - JULY 15
TAGS: PFOR, EWWT, PN, US
To: PANAMA
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/0735c06a-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009